

The Honorable John A. Boehner
Chairman, Committee on Education and the Workforce
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Boehner:

Thank you for your letter regarding the Head Start Program.

As you know, strengthening Head Start has been one of this Administration's top priorities. Head Start has been helping America's disadvantaged children and families for more than 35 years. However, research shows too many children leave Head Start without the basic skill levels needed to become successful readers in elementary school. Through the Administration's *Good Start, Grow Smart* initiative, we are striving to assure that every child leaves Head Start ready to learn, with the early literacy, language and numeracy skills necessary to make this happen. At the same time, we remain committed to the comprehensive nature of Head Start, recognizing the important role health, nutrition, and social-emotional skills play in school readiness.

Improving program quality to achieve positive outcomes for children has been our first priority. However, we have also focused our attention in the past few years on management and administrative issues. Your letter brought additional management issues to light, and we are responding to your request for information about specific personnel, travel and other administrative costs in the program.

To provide the most current and accurate information, and because some of this information was not previously reported, I directed the Head Start Bureau to survey all agencies administering local Head Start programs for the necessary compensation and travel expenses information. Under an Office of Management and Budget (OMB) approved data collection (OMB No. 0970-0259), Head Start agencies reported to the Department the levels of compensation paid to Head Start executive directors and directors, along with their out-of-town Head Start meeting and conference travel expenses, and the percentage of federal Head Start funds spent on administrative expenses.

After the information reported by Head Start agencies was compiled, each Head Start agency was asked to self-check and confirm the information provided. Ninety-eight percent (98%) of Head Start agencies and their delegates reported under this OMB approved data collection.

As background, existing requirements under Section 644(b) of the Head Start Act limit the amount of Head Start funds (including non-federal contributions) that can be used for administrative costs to no more than 15 percent of the program's total costs, unless waived by the Department as provided under the statute.

Additionally, Section 653 of the Act requires that salaries and compensation (paid in whole or in part from Head Start funds) not be "...in excess of the average rate of compensation paid in the area where the program is carried out to a substantial number of persons providing substantially comparable services, or in excess of the average rate of compensation paid to a substantial number of the persons providing substantially comparable services in the area of the person's immediately preceding employment, whichever is higher..." The Act further provides authority to require grantees to disclose to the federal government individual compensation and related information.

Pursuant to your request, the findings from the recent data collection and other sources are summarized below:

- **Administrative Cost Percentage:** In fiscal year 2002 national summary data from the Head Start Program Information Report (PIR), administrative costs reported by agencies averaged approximately 11.8 percent of the total grant awards to local Head Start agencies or an average of \$382,235 per agency.
- **Overall Salaries of Executive Directors and Directors from this Survey:** The salaries of Head Start executive directors range from \$36,685 to \$303,559. The mean reported salary for executive directors was \$58,522. The salaries for Head Start directors range from \$980 to \$165,808. The mean reported salary for directors was \$48,220. This information is based on aggregated compensation data from Head Start agencies responding to the recent salary survey and includes only salaries reportedly paid with at least one percent of federal Head Start funds.

(Note: The titles "executive director" and "director" are not defined in Head Start Regulations. However, we have found that the title "executive director" often refers to individuals responsible for managing and overseeing all of the various programs and activities of the private or public agency that receives a Head Start grant, while the title "director" often refers to individuals who may be subordinate to an executive director and whose management responsibilities may focus more narrowly on the Head Start program. Occasionally, Head Start agencies may use other titles for the employees who carry out these functions.)

- **Salaries of 25 Head Start Executive Directors with the Highest Compensation:** The compensation of the 25 Head Start executive directors with the highest compensation financed in whole or in part with federal Head Start dollars ranges from \$175,828 to \$303,559. This data is from the recent salary survey. The enclosed Table 1 provides additional information.

- **Salaries of 25 Head Start Directors with the Highest Compensation:** The compensation of the 25 Head Start directors with the highest compensation financed in whole or in part with federal Head Start dollars ranges from \$124,720 to \$165,808. This data is from the recent salary survey. The enclosed Table 2 provides additional information.
- **Salaries of Head Start Teachers:** The salaries of Head Start teachers (including those in migrant programs of short duration) range from \$1,188 to \$75,000, inclusive of all education levels. The average annual salary of classroom teachers is \$24,051. This is based on the annual PIR data for fiscal year 2002.
- **Travel Expenditures:** The amount of money spent on travel in fiscal year 2002 by the 25 grantees spending the most federal Head Start dollars on travel totals \$8.9 million and ranges from \$151,000 to \$1.65 million. The travel cost per child enrolled in the program ranges from \$8 per child to \$6,338 per child. This is based on data from the recent salary survey. The enclosed Table 3 provides additional information.

Following review of the survey data, we have decided to modify the information Head Start agencies are annually required to report to the federal government. Subject to clearance by the Office of Management and Budget as required by the Paperwork Reduction Act, we will ask that future reports also include financial compensation of executive staff, directors, and line staff. Based upon further review and analysis of the salary, compensation, and travel data as reported, we may take other specific actions as necessary.

You should know that this step is just one of several management initiatives we have undertaken in the past few years – or plan to undertake this year -- to better achieve the highest levels of accountability in the Head Start program.

For example, in 2002, the Department implemented several changes to improve the consistency and the integrity of the Head Start monitoring process. This included prohibiting regional staff from serving as both the program specialist who works with Head Start agencies on a routine basis and the federal team leader who conducts on-site reviews of these same agencies every three years.

To further improve our monitoring process, we are now planning to supplement the triennial reviews with more frequent fact-finding reviews, as needed, by highly skilled experts from the Head Start Bureau's existing pool of monitoring consultants. These consultants have targeted experience in such fields as certified public accounting, auditing, management and programmatic analysis, public administration, and strategic planning. Such reviews will support the triennial monitoring review.

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These and other initiatives are outlined in a just released report by the Administration for Children and Families, “Report on the Head Start Management Initiative.” Enclosed is a copy. This report details our Department’s work to ensure effective, results-oriented management of the Head Start program.

I hope this information is helpful to you. Please call me if you have any further thoughts or concerns. A similar letter is being sent to Representative Castle.

Sincerely,

Tommy G. Thompson

Enclosures (1) Table 1— FY 2002 Compensation of the Twenty-five Head Start Executive Directors with the Highest Compensation
(2) Table 2— FY 2002 Compensation of the Twenty-five Head Start Directors with the Highest Compensation
(3) Table 3— FY 2002 Total Head Start Funds Spent on Meeting/Conference Travel by the Top 25 Grantees
(4) “Report on the Head Start Management Initiative, U.S. Department of Health and Human Services, May, 2004”

TABLE 1¹
FY 2002 Compensation of the Twenty-five Head Start
Executive Directors with the Highest Compensation

TOTAL SALARY	TOTAL COMPENSATION ²	PERCENT CHARGED TO HEAD START	AMOUNT PAID BY HEAD START	STATE
\$222,923	\$303,559	1	\$3,036	NY
234,918	283,938	3	8,518	IL
186,916	256,100	4	10,244	NY
187,340	252,219	70	176,553	MO
207,780	247,616	1	2,476	CA
190,123	243,277	69	167,861	TX
155,607	230,485	88	202,827	TX
208,629	229,806	1	2,298	TX
152,424	229,070	12	27,488	CA
184,049	228,216	55	125,519	OH
190,000	225,698	10	22,570	CA
195,000	216,279	35	75,698	MO
160,152	211,813	53	112,261	GA
197,501	210,770	6	12,646	CA
163,046	204,916	47	96,311	AR
175,810	198,158	41	81,245	MA
175,810	198,158	3	5,945	MA
145,515	196,895	17	33,472	OH
122,885	192,730	3	5,782	IN
163,320	190,547	2	3,811	NY
140,684	183,190	32	58,621	MI
170,000	179,394	10	17,939	MA
160,952	177,193	1	1,772	IL
162,396	176,884	26	45,990	CA
120,777	175,828	1	1,758	MI

¹ Head Start agencies self-reported the salary and compensation amounts and each Head Start agency was able to self-check and confirm the information provided.

² The difference between salary and total compensation equals fringe benefits plus other forms of compensation.

TABLE 2¹
FY 2002 Compensation of the Twenty-five Head Start
Directors with the Highest Compensation

TOTAL SALARY	TOTAL COMPENSATION ²	PERCENT CHARGED TO HEAD START	AMOUNT PAID BY HEAD START	STATE
\$94,536	\$165,808	100	\$165,808	CA
130,554	164,300	73	119,939	NY
102,643	163,630	40	65,452	CA
137,753	163,407	45	73,533	MI
112,562	150,898	87	131,281	CA
96,034	148,930	88	131,058	CA
121,956	147,987	99	146,507	CA
124,001	145,775	27	39,359	NY
117,129	143,053	1	1,431	IN
101,520	141,800	5	7,090	MN
87,110	140,925	100	140,925	PA
120,271	140,268	100	140,268	CA
92,226	139,938	89	124,545	CA
109,798	138,435	80	110,748	MI
117,624	135,778	100	135,778	CA
97,524	132,906	100	132,906	CA
93,067	131,295	73	95,845	CA
105,917	130,461	44	57,403	CA
111,565	129,511	60	77,707	OH
124,001	129,163	26	3,370	NY
104,912	128,389	37	47,504	CA
112,375	127,190	100	127,190	MO
103,383	125,937	100	125,937	LA
95,988	125,865	100	125,865	AZ
86,108	124,720	54	67,349	CA

¹ Head Start agencies self-reported the salary and compensation amounts and each Head Start agency was able to self-check and confirm the information provided.

² The difference between salary and total compensation equals fringe benefits plus other forms of compensation.

TABLE 3¹
FY 2002 Total Head Start Funds
Spent on Meeting/Conference Travel by the
Top 25 Grantees

TOTAL MEETING and CONFERENCE TRAVEL COSTS	TOTAL BUDGET	PERCENT OF TRAVEL TO TOTAL BUDGET	FUNDED ENROLLMENT	TRAVEL COST PER CHILD	STATE
\$1,650,431	\$54,733,439	3	8,011	\$206	VA
1,126,027	28,182,499	4	4,013	281	AZ
1,047,805	48,311,798	2	6,748	155	TX
428,891	15,654,480	3	2,454	175	MO
416,649	1,925,341	22	620	672	TX
360,411	5,548,468	6	969	372	MN
326,976	1,494,819	22	150	2,180	AK
298,907	1,509,102	20	203	1,472	AK
275,521	16,317,239	2	2,216	124	WA
252,665	10,274,258	2	1,516	167	GA
245,867	640,877	38	65	3,783	NY
216,368	2,063,394	10	317	683	IL
207,922	4,370,481	5	693	300	WI
195,400	5,260,478	4	784	249	NC
189,369	192,010,593	<1	22,835	8	CA
187,765	73,155,497	<1	9,498	20	CA
183,901	30,309,861	1	4,594	40	TX
173,198	4,314,292	4	598	290	CA
170,295	17,931,758	1	3,368	51	MO
165,330	2,894,459	6	506	327	SC
158,804	14,257,760	1	1,722	92	TX
155,692	8,154,628	2	990	157	CA
155,254	14,110,326	1	2,453	63	MI
151,435	3,446,000	4	655	231	WI
150,956	5,874,000	3	966	156	MS
\$8,891,839	\$562,745,847	2	N/A	N/A	TOTAL

¹ The total Head Start funds spent on meetings/conferences travel for the top 25 spending the most is based on Head Start agencies' self-reporting. The ranking of total funds spent is not related to the size (total enrollment) of the agency.